

REMARKS

Reconsideration of the application is respectfully requested for the following reasons:

1. Objections to Specification and Claims

These objections have been addressed by amending the specification and claims in accordance with each of the suggestions made in items 1-3 on page 2 of the Official Action.

2. Rejection of Claims 1-3 and 5-7 Under 35 USC §103(a) in view of U.S. Patent Publication No. 2003/0009361 (Hancock); U.S. Patent No. 5,712,985 (Lee); and “Best Practice In Inventory Management” (Wild)

This rejection is respectfully traversed on the grounds that neither the Hancock publication nor the Lee patent or the Wild publication discloses or suggests, whether considered individually or in any reasonable combination, an inventory management system that regularly calculates both promise and delivery execution ratios for parts suppliers based on estimated demand, promised quantity of parts, and actual delivery of parts, as claimed. While the calculation *elements* for the ratios might be available, as noted by the Examiner, from the three publications, none of the publications actually teaches calculation of the ratios and making them available to the product manufacturer in the manner claimed.

The Hancock publication discloses an order tracking and management system. However, there is no disclosure of a database that tracks promised numbers of parts, much less one that compares the promised number of parts with the total estimated demand for the parts, or that compares actual deliveries with promised numbers of parts. Instead, Hancock tracks and generates reports concerning the progress of individual orders. Although these reports include the number of parts in an individual order, they do not include a category for “total estimated demand for parts.

The Examiner will appreciate that a typical parts order from a large manufacturer will involve multiple parts suppliers. In order to determine which suppliers to rely on, and which to

drop, the manufacturer needs to know two things: the capacity of the supplier, and the reliability of the supplier. The ratio of parts promised by an individual supplier relative to the total number of parts concerns the capacity of the supplier, while the ratio of parts delivered to parts promised concerns the reliability. Each of these ratios measures a different performance parameter. While it might be possible to collect information on all of the individual orders tracked by the Hancock system in order to at least tabulate the second ratio (parts delivered/parts promised), Hancock does not provide any means to do so, and is completely unconcerned with the first ratio (total parts needed to parts promised).

This deficiency of the Hancock publication is not made up for by the Lee patent, which discloses a system for evaluating demand from the perspective of the supplier. In particular, Lee permits a supplier or manufacturer to predict, based on such variables as sales, holidays, weather, and so forth, whether a product made by the supplier or manufacturer will be in demand. There is no disclosure in the Lee patent of estimating the number of parts that will be needed to enable a manufacturer to meet the forecast demand, much less of tracking component part suppliers to determine the percentage of the component part that the supplier intends to supply (promises) and the supplier's ability to actually deliver promised parts. Lee is concerned with the supply side of a transaction, and not the demand side (*i.e.*, the side of a manufacturer who purchases component parts from a supplier for use in making a product), and therefore Lee does not supply any of the variables of the ratios recited in claim 1, much less actually track the variables and calculate the claimed ratios.

The Wild publication also does not disclose or suggest modification of the Hancock system to track and calculate the claimed total parts/promised parts and promised parts/actual parts ratios. **The “moving average” described on pages 149-150 and alleged by the Examiner to “read on” the claimed ratios, actually is a method of forecasting sales by weighting the average to take into account trends and segregating out random fluctuations.** It has absolutely nothing to do with calculating the performance of individual parts suppliers in delivering parts, relative to the demand for the parts *or* promises made. Even if used in

connection with Hancock's order tracking system, and/or Lees' demand forecasting system, the result could not possibly have been the claimed invention.

None of the references is concerned with having parts suppliers report promised part deliveries relative to a total estimated number of parts, or actual deliveries relative to promised deliveries, much less storing the reports in a database or tabulating the reports. **Hancock tracks the progress of individual orders, while Lee and Wild are concerned with forecasting demand and not with tracking the performance of component parts suppliers.** Therefore, Hancock, Lee, and Wild could not reasonably have suggested the claimed inventory management system, which is not concerned with predicting demand, but rather with facilitating the choice of parts suppliers. Withdrawal of the rejection of claims 1-3 and 5-7 is accordingly respectfully requested.

3. Rejection of Claim 4 Under 35 USC §103(a) in view of U.S. Patent Publication No. 2003/0009361 (Hancock); U.S. Patent No. 5,712,985 (Lee); "Best Practice In Inventory Management" (Wild); and U.S. Patent No. 5,765,138 (Aycock)

This rejection is respectfully traversed on the grounds that the Aycock publication, like the Hancock publication, the Lee patent, and the Wild publication, fails to disclose or suggest, whether considered individually or in any reasonable combination, an inventory management system that regularly calculates both promise and delivery execution ratios for parts suppliers based on estimated demand, promised quantity of parts, and actual delivery of parts, as claimed. While the Aycock patent at least concerns a system for evaluating past vendors (none of the other three references concerns such a system), Aycock also does not disclose use of the claimed ratios in the evaluation. To the contrary, Aycock concerns **pre-order** audits and evaluation, and not tracking of performance in the manner claimed.

The present invention concerns pre-approved suppliers who submit promises to supply a minimum number of parts, and evaluates the percentage of parts supplied by a particular supplier relative to the total demand for the parts, and how well the supplier fulfills the promise, based on reports from the supplier's computer to the manufacturer's computer. Since none of the

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references suggests such an evaluation, which is not the same as the evaluation performed by the system of Aycock, withdrawal of the rejection of claim 4 under 35 USC §103(a) is respectfully requested.

Having thus overcome each of the rejections made in the Official Action, withdrawal of the rejections and expedited passage of the application to issue is requested.

Respectfully submitted,

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